

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Effect of Pay Bill on Contract Employees

NSA policy with respect to the effect of the legislative pay increase on contract personnel is as follows:

1. If existing contracts with certain individuals contain specific provision for legislative pay increases, such increases will be effected automatically by Headquarters as of the beginning of the first pay period following 28 February 1955. In the case of Career Agents, the effective date is 13 March 1955. For eligible Contract Employees, the effective date is 1 March 1955.

2. Individuals whose contracts do not contain specific provisions with regard to legislative pay increases will not automatically qualify for such increases and if an increase is granted, as provided below, it will be discretionary in nature, i.e. the increase will be granted as of a certain date, not retroactively.

3. Requests for contract compensation increases, which are substantially equal in amount to the legislative pay increase, will be reviewed by NSA Headquarters on a case-by-case basis, and the approval or disapproval of an individual request will take cognizance of all pertinent considerations including (but not limited to) the legal relationship of the individual to NSA, the amount of, frequency, and reasons for previous increases granted the subject individual. Field Headquarters processing compensation increases substantially equal to the recent legislative pay increase will not be effected without prior Headquarters' approval.

4. For the information of those concerned, the above policy is based on the proposition that a contract is a negotiated instrument and that the compensation established thereby may be determined on the basis of considerations other than the pay rates established by Congress. Further, contract compensation rates are not subject to the NSA classification system, and pay increases have been and may continue to be granted for reasons other than Congressional pay action.

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SUGGESTED DISPATCH TO FIELD

SUBJECT: Effect of Pay Bill on Contract Personnel

NSA policy with respect to the effect of the legislative pay increase on contract personnel is as follows:

1. If existing contracts with covert individuals contain specific provision for legislative pay increases, such increases will be effected automatically by Headquarters as of the beginning of the first pay period following 28 February 1955. In the case of Career Agents, the effective date is 13 March 1955. For eligible Contract Employees, the effective date is 1 March 1955.
2. Independent contractors, e.g. contract agents, are, by virtue of their legal relationship with NSA, not eligible for said legislative pay increase on either a retroactive or a prospective basis.
3. Contract Employees whose contracts do not contain specific provisions with regard to legislative pay increases will not automatically qualify for such increases and if an increase is granted, as provided below, it will be prospective in nature, i.e. the increase will be granted as of a current date, not retroactively.
4. Requests for compensation increases for Contract Employees, which are substantially equal in amount to the legislative pay increase, will be reviewed by NSA Headquarters on a case-by-case basis, and the approval or disapproval of an individual request will take cognizance of all pertinent considerations including (but not limited to) the amount of, frequency, and reasons for previous increases granted the Contract Employee. Field amendments providing compensation increases substantially equal to the recent legislative pay increase will not be effected without prior Headquarters' approval.
5. For the information of those concerned, the above policy is based on the proposition that a contract is a negotiated instrument and that the compensation

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established thereby may be determined on the basis of considerations other than the pay rates established by Congress. Further, contract compensation rates are not subject to the KUBARK classification system, and pay increases have been and may continue to be granted for reasons other than Congressional pay action.

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